How to Upgrade Facilities and Infrastructure NOW Without Increasing Your Budget

Using Guaranteed Energy Cost Savings Contracts to Save Time & Spend Less

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What is a Guaranteed Energy Cost Saving Contract?


Also known as Energy Savings Performance Contract (ESPC) or Performance Contract (PC)

• A legislative vehicle that allows public entities to improve their facilities, by using their energy and operational budgets to fund a project, with guaranteed results.

  - Provide and install the best long-term energy efficient solution for each facility – Best Fit; not necessarily low bid
  - Proactively address facility upgrades
  - Improve facility comfort and safety
  - Repair, modernize and maintain facilities
  - Reduce the need for incremental capital funding or tax increases
  - Achieve guaranteed results
  - Provide a fixed price contract: providing turn-key solutions with a single source provider
  - Allows Municipalities to fund improvements for up to 15 years
  - Funding comes from energy and operational savings
What Are the Most Common Solutions?

- HVAC
  - Mechanical Upgrades
  - Electrical Upgrades
  - Air Quality Enhancements
- Building Envelope
  - Lighting and Ceilings
  - HVAC Upgrades
- Roofing
- Masonry Repairs
- Restroom Upgrades
- Plant Efficiency Upgrades
- Windows
- Water Meter Upgrades
- HVAC Equipment Upgrades
- Flooring
- Architecture/Site
  - Seal Building Envelope
  - Ventilation
- Athletic Fields and Facilities
- Aquatic Centers
- Renewable Energy

How Does Performance Contracting Work?

1. Baseline utility (electric, gas, water, sewer) and O&M costs of the facility are set during the reference year.
2. After an RFP selection process, a partner is selected, and agreed upon energy and O&M saving measures are implemented.
3. Once the saving measures are completed, the guarantee period starts and lasts for up to 15 years. All additional savings are retained by the municipality.
4. When the contract ends, all continued savings are retained by the municipality.

How Does this Compare to Other Project Methods?

**Bid Spec (Design, Bid, Build) vs. Performance Contracting (Design, Build)**

**Bid Spec**
- Municipality at Risk
- Change Orders
- Multiple Municipal Contracts
- Money is spent before cost, scope and funding are finalized
- Overall cost is not known until the project is completed
- Low Bidders Only
- No Savings Measured/Leveraged
- No Single Source of Accountability
- No Energy and Performance-Guaranteed Results

**Performance Contracting**
- ESCO at Risk
- No Change Orders
- One Contract
- No Dollars spent until all the details of the project are known
- Guaranteed project investment is known before proceeding with agreement
- Pre-Qualified Trades
- Savings Measured and Leveraged
- Single Point of Contact and Accountability
- 33% Faster Implementation
- Significant Construction Cost Savings
How Does this Compare to Other Project Methods?

- Bid Spec (Design, Bid, Build) VS. Performance Contracting (Design, Build)

**Bid Spec (Design, Bid, Build)**
- Municipalities
- Engineering, Architecture
- Contractors: Electrical, Roofing, Mechanical, Asbestos Abatement, Insulation, Engineering, Carpentry, Flooring, Masonry, Controls, Lighting, Equipment, Plumbing, Sheet Metal, Municipality, Environmental Contractor, Architectural Services, General Contractor, Environmental Contractor, Architectural Services, General Contractor, Electrical Contractor, Equipment Procurement, Mechanical Contractor, Sheet Metal Contractor, Engineering Services, Roofing Contractor, Plumbing Contractor, Energy Service Company (ESCO), Controls Contractor, Insulation Contractor, Flooring Contractor, Construction Manager

**Performance Contracting (Design, Build)**
- Municipalities
- Engineering, Architecture
- Contractors: Electrical, Roofing, Mechanical, Asbestos Abatement, Insulation, Engineering, Carpentry, Flooring, Masonry, Controls, Lighting, Equipment, Plumbing, Sheet Metal, Municipality, Environmental Contractor, Architectural Services, General Contractor, Electrical Contractor, Equipment Procurement, Mechanical Contractor, Sheet Metal Contractor, Engineering Services, Roofing Contractor, Plumbing Contractor, Energy Service Company (ESCO), Controls Contractor, Insulation Contractor, Flooring Contractor, Construction Manager

Can You Walk Me Through the Process?

1. Introduction to Performance Contracting
2. Discovery
3. Information Gathering
4. Preliminary Building Analysis
5. Project Implementation
6. Performance Guarantee

What are the Benefits of Performance Contracting?

- Single point of accountability.
- There are no change orders.
- Project funded by reduced energy, operational and maintenance expenses.
- Design/Build construction delivery method is more cost effective and delivers a more comprehensive solution.
- Best solution fit for each facility and not simply lowest bid.
- Performance and financial guarantee ensures long term, sustainable building operations and lower risk.
- Comprehensive and fully integrated design solutions to improve building operations and operational costs.
- Reduce deferred maintenance by replacing old, aged and obsolete mechanical, electrical and controls systems.
- Provide post installation training and support services.
What to Look for in an ESCO?

Help Municipality develop and implement a long-term strategic plan for their facilities

- Partner with the Municipality
- Listen to the needs of the stakeholders
- Determine the facilities needs
- Develop multiple solutions based on the needs
- Determine energy savings and O&M savings
- Determine a means of funding the proposed solutions
- Pursue grants and incentives
- Provide project management for turn-key implementation
- Provide post installation training and support services
- Provide post savings audit to show implementation benefits

Questions & Answers (Hopefully)

Who Can I Contact if I Have More Questions?

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